

Spain's Destiny in Our President's Hands

New Trade Agreement of Value to Pershing Is More Vital to Iberian Kingdom and May Aid in Swinging Alfonso to Join the Entente

By F. CUNLIFFE-OWEN.

ALTHOUGH a very important agreement between the United States and Spain was negotiated last month at Madrid by a special mission in which the New York banker August Belmont, now a Major of the army, played the leading role, yet King Alfonso's Government still withholds its final ratification of the instrument.

The contract provides for the shipment from or through Spain of supplies for the American forces in France without let or hindrance and for the export to Spain of American cotton, oil and coal and the raw material needed for her industries.

It is an undertaking of mutual benefit. For it is of advantage to the United States to ship supplies to Gen. Pershing from here via Spain and to obtain in Spain mules, other live stock and foodstuffs for the army in France that can be more readily and cheaply purchased in the Iberian Peninsula than here. It is not merely of advantage to Spain but of absolute and urgent necessity to obtain from America cotton, oil and other indispensable imports.

Would Aid the Entente.

That there should be any delay in its ratification is unfortunate from a political as well as from an economic point of view. For a trade agreement of this kind between the United States and Spain would have the effect of promoting the leanings of King Alfonso's Government and people toward the cause of the Entente and of strengthening the pro-Ally Liberal party, which, in spite of all the immense sums of money spent by Germany to buy the vote, won a well defined victory in the general election held last week. It had been contended both in the peninsula and abroad that the success of the Liberals at the polls would result in Spain's definitely throwing in her lot on the side of the Allies, as urged by the Liberal leader, ex-Premier Count Romanones. But this prospect is imperilled by the circumstances which have led to the action of the Madrid Government in holding up the ratification of the Belmont agreement.

According to the Spaniards, the fault lies with the American War Trade Board. The latter, in accordance with the obligations of the United States toward the other Powers of the Entente, has for some months past been busily engaged in putting a stop to the unneutral action of the non-belligerent nations in furnishing supplies, either of American origin or of their own domestic production, to our enemies, especially Germany.

Exports Greatly Decreased.

The attention of the War Trade Board was primarily directed toward the Scandinavian kingdoms and toward the Netherlands. It was not until an embargo was placed by the United States Government upon all shipments to these countries and their vessels in American waters were denied coal that they were brought to terms and agreed to the conditions imposed by the War Trade Board, thanks to which the exports to these neutral nations are reduced to less than 50 per cent. of what they were a year ago.

This decrease, however, coincided with a very remarkable increase in the exports from the United States to Spain. In 1914 they amounted to \$30,000,000. In the financial year ended in November last they had risen to \$92,000,000, and they showed a still further advance in January, when the figures for the month of December alone were \$10,150,000.

The War Trade Board would have been remiss in its duties both to its own Government and to the other Powers of the Entente had it not taken steps to ascertain to what extent there was foundation for the very natural assumption that at any rate a portion of these excessive imports from the United States were being diverted by the people in Spain to the services of the interests of our enemies. The kingdom of Alfonso XIII. literally swarms with full fledged German mercantile concerns, while thousands of Spanish industries and commercial enterprises have become contaminated by the poisonous presence of German subjects and German gold.

The long coast line of Spain, rocky for the most part, is full of hidden coves and small bays that lend themselves to the

secret visitation of German shipping, especially submarines. The Powers of the Entente have plenty of proof that enemy submarines have repeatedly taken on board supplies and goods in Spanish ports and that Spanish and neutral vessels have left Spanish harbors to transfer their freight at sea to Teuton craft. It therefore stood to reason that the War Trade Board should take some action of a precautionary character.

In the case of the three Scandinavian kingdoms and the Netherlands this action took the form of an embargo upon American exports which was not lifted until the

where some three decades ago August Belmont's brother, Perry Belmont, represented this country as Minister Plenipotentiary. Moreover, Archer P. Huntington has always been deeply interested in Spain; is a familiar figure at Madrid and is persona gratissima with Alfonso XIII.

In the meantime the Spanish liners booked to sail from American ports were submitted to an unusually careful examination with regard to the ultimate destination of the freight on board, and as this happened to coincide with the coal famine of the last two months, which so seriously interfered with the sailing from

ward as a pretext for the holding up of the transmission through Spain to France of American freight landed in Spanish ports and consigned to Gen. Pershing. From this it will be seen that relations between Spain and the United States had reached something very much akin to a complete deadlock when Major August Belmont and Archer P. Huntington arrived in Madrid.

Almost the very first greeting which they received, not only on the part of the royal Government but even at court, was the query as to why Spain should have been subjected to the affront of having her shipping in American ports held by means of an embargo. "You come here to ask us for facilities in the matter of the supply of your armies in France after antagonizing us in such a fashion!" was in substance the position taken.

Envoys Explain Their Mission.

Messrs. Belmont and Huntington had then to set to work to explain that no embargo had been imposed by the United States Government upon exports to Spain and also that the primary object of their mission was not to facilitate the furnishing of supplies to Gen. Pershing from and through Spain but to negotiate a trade agreement. They had to make it thoroughly clear that they did not come, as the Spaniards seemed to believe, in the role of supplicants asking for favors but as negotiators of an understanding which offered far greater advantages to Spain than to the United States. For whereas the United States could get along without Spain's help in sending supplies to Gen. Pershing, Spain cannot possibly get along without American oil, American coal, American manufactures and raw materials and, above all, American cotton.

The question now arises whether as a matter of political expediency it would not be wise to expedite the departure of the Spanish ships still in American ports by furnishing them with bunker coal, no matter at what cost or trouble, and to suspend, in their cases at any rate, all further examination and investigation by the War Trade Board. This would have the effect of at once easing the impasse which has been reached at Madrid and which is of a nature to paralyze all the success achieved by the Belmont mission. When the latter left Madrid it was understood that the agreement would receive immediate ratification. The postponement thereof has been due to the holding up of the Spanish ships here by the War Trade Board through lack of bunker coal and by the War Trade Board examination.

May Be Expedient to Rush Ships.

The question now before the American Government is whether it wishes to have not merely the neutral friendship and support of Spain but also her alliance in the present war, or whether it will be to the advantage of the United States and of the Entente Powers to bring about a condition of affairs in Spain such as exists in Russia, complicated by the presence in the dominions of King Alfonso of some 70,000 well trained German reservists, specially organized for the purpose of taking advantage of any collapse of the dynasty and of the Government.

Spain at the present moment is just ripe to join the Entente. Her people have been wrought up by the repeated sinkings of Spanish shipping by German undersea boats during the last two or three months, especially in the last three weeks. Alfonso has been forced to expel the military attache of the German Embassy at Madrid and also its second secretary for being concerned in the fomentation of disturbances against the Government, of mutiny in the army, of outrages similar to those devised by the military and naval attaches of the Kaiser's embassy at Washington, and even of plots against the King's life.

The crucial point has arrived. All depends upon President Wilson. If he takes steps rendering possible the immediate departure of all ships now held in American ports the tension between Washington and Madrid might be at once relieved, the Belmont agreement ratified, the position of King Alfonso consolidated and his country brought into the Entente to the advantage of this country and of its allies. Otherwise we may look for German engineered, German financed revolution and Bolshevik chaos and anarchy in the land of the hills.



KING ALFONSO.



AUGUST BELMONT.

four nations concerned had sent special embassies to Washington to obtain relief by means of trade agreements and of solemn pledges not to serve the interests of our foes. Spain, however, was treated with a far greater amount of consideration for a number of reasons, among them the fact that just twenty years ago she had been at war with the United States. No embargo was proclaimed, and instead of waiting for a special embassy to come from Madrid President Wilson despatched a special mission to Madrid headed by August Belmont, the banker, and of which Archer P. Huntington formed part.

The envoys were fortunately chosen. For no one was better qualified to discuss questions of trade and finance with the Spanish Government than the head of the house of Belmont, which for considerably more than half a century has played a very important role in the international financial relations of the United States and the name of which has long been favorably known at Madrid.

these ports of vessels bound for France and laden with urgently needed supplies for Gen. Pershing's expeditionary force, it was assumed by the Government at Madrid that Spanish shipping in American ports had been made the object of an unheralded embargo by the Administration at Washington.

The Spaniards are a very sensitive people. The supposed embargo without notice touched their national pride very deeply, especially coming from a Power to whom they had been obliged to abandon most of their ancient colonial dependencies in 1898. The consequence was that the Madrid Government embarked upon measures that can only be regarded as retaliatory.

Merchants who had made contracts with Gen. Pershing for supplies were prevented from carrying out the terms of the agreements on the ground that the supplies in question were needed for domestic consumption, while labor troubles among the railroad employees and consequent disorganization of railroad traffic were put forward as a pretext for the holding up of the transmission through Spain to France of American freight landed in Spanish ports and consigned to Gen. Pershing.